

FURNITURE & FIXTURES VALUATION INSTRUCTIONS

The Furniture and Fixture depreciation schedules are to be used in conjunction with the **acquired year and acquired cost** of the property being assessed to calculate the market value. Furniture and Fixtures are class 8 property with a 3% tax rate.

Taxable value calculation:

$$\begin{array}{r}
 \text{Acquired cost} \\
 \times \% \text{ for the year acquired from appropriate depreciation schedule} \\
 \hline
 \text{Market Value} \\
 \times \text{tax rate} \\
 \hline
 \text{Taxable Value}
 \end{array}$$

When a business changes ownership, valuation is based on the new owner's acquired cost and acquired year.

If a taxpayer reports a lump sum acquired cost for all of their business equipment you should **request a breakdown of the cost by item or equipment type** (i.e. computer equipment, office furniture etc.) **so the taxpayer can be afforded the greatest amount of depreciation.**

If they can't provide that information **use Category 8 to depreciate the lump sum cost** of the personal property.

Example #1: The taxpayer owns a small grocery store and turns in a copy of his depreciation schedule with a signed copy of the reporting form. The schedule shows that \$10,000 worth of furniture and fixtures were bought in 2003. There is no breakdown of property.

$$\begin{array}{r}
 \$10,000 \times 56\% = \$5,600 \text{ market value} \\
 \$5,600 \times 3\% = \$ 168 \text{ taxable value}
 \end{array}$$

Example #2: The taxpayer recently bought an auto-repair shop. The copy of his federal depreciation table reads as follows:

<u>Year Purchased</u>	<u>Description</u>	<u>Cost</u>
1999	Hand-Held Tools (Exempt)	\$6,000
2003	Non-Hand-Held Tools & Equip.	\$3,000
2004	Non-Hand-Held Tools & Equip.	\$2,500

The hand-held tools **should** be entered onto the Orion record even though they are exempt.

The valuation would be:

$$\begin{array}{r}
 3,000 \times 54\% = \$1,620 \\
 2,500 \times 64\% = \underline{1,600} \\
 \$3,220 \text{ market value} \\
 3,220 \times 3\% = \$97 \text{ taxable value}
 \end{array}$$

Example #3: The taxpayer recently bought a hardware store. She purchased the furniture and fixtures for a lump sum of \$75,000 in 2002. The old owner bought the same furniture and fixtures in 1985 for \$30,000 (this is irrelevant to the current owner's valuation).

$$\begin{aligned} \$75,000 \times 45\% &= \$33,750 \text{ market value} \\ \$33,750 \times 3\% &= \$1,013 \text{ taxable value} \end{aligned}$$

FURNITURE & FIXTURES DEPRECIATION SCHEDULES

These schedules are to be used from January 1, 2009, through December 31, 2009, (Reference ARM 42.21.155)

All supplies are valued @ 100% of the acquired cost. **TABLE 1**

All books and instructional videos in professional libraries - \$6.00 each. **TABLE 2**

TABLE 3 (Depreciation Category 1)

For computer systems, data processing equipment, computerized medical equipment, and video games.

<u>YEAR</u>	<u>TRENDED % GOOD</u>
2008	70%
2007	38%
2006	16%
2005 and older	8%

TABLE 4 (Depreciation Category 2)

For calculating and accounting machines, cash registers, copiers, typewriters, vending machines, jukeboxes, addressing machines, time recording machines, check endorsing machines, postage machines, fax machines, and other office and store machines, electronic games, and transcribing equipment.

<u>YEAR</u>	<u>TRENDED % GOOD</u>
2008	85%
2007	71%
2006	53%
2005	35%
2004 and older	21%

TABLES 5, 12, 17, & 19 (Depreciation Category 3)

For citizen band radios, mobile telephones, PBX type systems, radio and television broadcasting and transmitting equipment, locally assessed phones, phone systems and all cable T.V. equipment not assessed on PPBA-20A, intercom equipment, and mics and sound systems.

<u>YEAR</u>	TRENDED <u>% GOOD</u>
2008	85%
2007	62%
2006	47%
2005	30%
2004 and older	18%

TABLE 6 (Depreciation Category 4)

For specialized medical and dental equipment (specialized medical and dental equipment includes dental/medical hand tools, drills, etc.; but does not include the medical and dental chairs and tables or computerized medical or dental equipment).

<u>YEAR</u>	TRENDED <u>% GOOD</u>
2008	85%
2007	67%
2006	50%
2005	32%
2004 and older	19%

TABLE 7 (Depreciation Category 5)

For hotel and motel furniture and equipment. This table also includes apartment, home rental and nursing home furniture and fixtures.

<u>YEAR</u>	TRENDED <u>% GOOD</u>
2008	85%
2007	70%
2006	54%
2005	36%
2004 and older	22%

TABLE 8 (Depreciation Category 6)

For janitorial equipment, electronic testing equipment, coin operated washers and dryers, video equipment and tapes (other than rental video equipment and tapes), cameras, equipment used for beauty and barber shops (except beauty and barber chairs), carpet and shampooing equipment, records, tanning beds, exercise equipment, toning tables and ceramic molds.

<u>YEAR</u>	<u>TRENDED % GOOD</u>
2008	85%
2007	71%
2006	55%
2005	38%
2004 and older	24%

TABLES 9 & 18 (Depreciation Category 8)

For all other furniture and fixtures. This table includes but is not limited to medical and dental chairs and tables, theatre equipment, stereo equipment, survey equipment, bill boards, garbage bins, coin-op car wash equipment, gas pumps and bar equipment, restaurant equipment and furniture and fixtures, bowling alleys and equipment (auto scorers should be valued using table 1), photo and developing equipment, mortuary equipment, safes, security alarm systems, and porta-potties.

<u>YEAR</u>	<u>TRENDED % GOOD</u>
2008	92%
2007	86%
2006	80%
2005	73%
2004	65%
2003	56%
2002	45%
2001	35%
2000	28%
1999 and older	24%

TABLES 10 & 11 (Depreciation Category 7)

For repair shop tools. This table includes all tools, shop equipment, snow blowers and lawn mowers.

<u>YEAR</u>	<u>TRENDED % GOOD</u>
2008	92%
2007	86%
2006	79%
2005	72%
2004	64%
2003	54%
2002	43%
2001	33%
2000	27%
1999 and older	22%